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UNCLAS SECTION 01 OF 02 BEIRUT 000837

SIPDIS

STATE FOR NEA/FO, NEA/ELA AND EEB/IFD/ODF  
P FOR DRUSSELL, RRANGASWAMY  
DRL/NESA FOR WHITMAN, BARGHOUT  
STATE PASS USAID LAUDATO/NANDY/SCOTT  
PARIS FOR JMILLER  
TREASURY FOR PARODI/BLEIWEISS/AHERN  
USDOC FOR 4520/ITA/MAC/ONE  
NSC FOR SHAPIRO/MCDERMOTT  
OVP FOR HMUSTAFA

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SUBJECT: LEBANON: TOURISM IS BUSTLING IN BEIRUT, BUT ONLY BEIRUT

REF: BEIRUT 00808

SUMMARY

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**¶1.** (U) Beirut's record-setting summer tourism has bolstered business and crowded the capital city, but the benefits have not extended far past the city limits. Lebanese expatriates frequent dining establishments in some peripheral cities, but the historical GOL focus on infrastructure development in Beirut, at the expense of development in other districts, has limited tourism's expansion as well. The Ministry of Tourism (MOT) has played an insignificant role in the current boom and contacts note that lack of MOT foresight and GOL support of the industry is crippling its potential. Given Lebanon's huge expatriate base, small steps to improve the sector would yield major impact. End summary.

TOURISM BOOMING

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**¶2.** (SBU) Tourism is booming in Lebanon, with the Ministry of Tourism (MOT) estimating two million tourists will visit Lebanon by the end of the year. (Note: Tourism in 2008 reached 1.4 million. End note.) MOT Director General Nada Sardouk said 760,000 travelers had already entered Lebanon by end-June 2009. Although it has received much attention in the summer months, Lebanon's current tourism boom started after May 2008, when participants at the Doha Conference appointed President Michel Sleiman and relative security ensued in the country.

**¶3.** (U) Feature stories on Lebanon in the world press, including USA Today, the Wall Street Journal, the Guardian, in addition to the New York Times' citation of Beirut as a top destination for 2009 have raised the city's image as a tourist hotspot. Lebanon's Jeita Grotto was named as a finalist for a Swiss ranking of seven new natural wonders of the world, drawing more international attention. New companies in Beirut catering to tourists are thriving; local press has highlighted the popularity of walking tours and events are held nightly throughout the city.

RESTAURANTS  
THRIVE REGARDLESS

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**¶4.** (SBU) As discussed reftel, security is the most important indicator for the performance of tourism in Lebanon. The country's restaurant sector, however, adapted during the several political and security upheavals of recent years and has thrived since mid-2005. With no available official figures, the head of the syndicate of restaurants, cafes and nightclubs, Paul Ariss estimates that about 400 new restaurants/cafes opened in Lebanon since 2006, raising the total number of establishments to 5000 (2000 of which are seasonal), and employing up to 50,000 people. Following the assassination of Prime Minister Rafiq Hariri in February 2005, activity in downtown Beirut and its immediate surroundings came to a halt, but restaurants expanded to different areas in Greater Beirut, in Lebanon, and abroad; approximately 40 Lebanese establishments sold more than 200 franchises across the Middle East.

HOTEL BUSINESS  
CENTERED IN BEIRUT

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**¶5.** (SBU) Despite this summer's boom in tourism, a closer look into the industry reveals several flaws that currently limit its potential. The focus of infrastructure development since the 1990's on downtown Beirut has led to the establishment of restaurants, hotels, and shopping centers in main districts, thus catering to the demands of tourists, but it has negatively affected the hotel industry in the Greater Beirut area and throughout the rest of the country. Only when Beirut hotels are full do tourists start looking for hotels outside Beirut, head of the syndicate of hotel owners Pierre

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Achkar told us. Those attending the many summer music and art festivals in Lebanon, including in Baalbeck and Beiteddine, patronize restaurants and cafes along the way, but rarely stay in hotels overnight.

GOL TAKING TOURISM  
FOR GRANTED

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**¶6.** (SBU) Since the tourism sector has managed to recover quickly and without government assistance as Lebanon has surmounted crisis after crisis, contacts say there is no political will from the GOL to take extra measures to support the sector. Tourism is taken for granted, with the sector perceived as a "cow to be milked," Ariss said. The GOL indirectly provides some subsidized loans to the tourism sector, but other benefits, such as the reduced rate on electricity enjoyed by industrial operations, do not apply.

**¶7.** (SBU) The MOT has promoted Lebanon as a tourist destination through participation in international tourism fairs in Europe and the Middle East but has made little effort to seek other promotional avenues. Contacts note that the MOT lacks a vision and strategy for the development of the sector, as well as a qualified staff and an adequate budget to do its job. According to DG Sardouk, the MOT continues to work closely with the private sector and is focusing increasingly on rural and agro-tourism, but much work remains to be done.

SMALL STEPS,  
LARGE IMPACT

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**¶8.** (SBU) Given Lebanon's huge expatriate base, small steps, such as MOT coordination with embassies abroad to encourage visits home, could have a major impact. Achkar noted that the simple creation of a unified country logo would facilitate tourism promotion. Draft laws and amendments for the modernization of the sector have been waiting in parliament for years, and parliament has no committee exclusively for tourism to review them.

¶9. (SBU) With many qualified staff having left for the Gulf, the sector lacks the necessary resources to train new recruits and improve the quality of service, without government help. Revival of the National Council for Tourism, which played a crucial role for tourism promotion through its offices in Europe and the Middle East until its mandate expired in the 1990's, would also help develop the sector.

COMMENT

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¶10. (SBU) Lebanon's economy has always been service-based, with the tourism sector one of its most important contributors and the private sector its most important driver. However, the MOT remains a small ministry, with an inadequate budget relative to the importance of the sector to the economy. Basic infrastructure, such as roads, electricity, and water, that are vital for the development of tourism outside of Beirut are in desperate need of attention.

The incoming tourism minister must harness political will to increase awareness of the importance of tourism for the Lebanese economy -- and thus for security and political stability in general -- or the tourism sector will remain below its true potential.

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